

Message Text

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14

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 DODE-00 PM-04 H-02 L-03 PA-01 PRS-01 /091 W

----- 020412

R 080645Z SEP 76

FM AMEMBASSY ROME

TO SECSTATE WASHDC 9832

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

USMISSION OECD PARIS

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PASS TREASURY AND FRB

E.O. 11652: N/A

TAGS: EFIN, IT

SUBJ: BUNDES BANK LOAN FOR ITALY

1. THE RENEWAL OF THE TWO BILLION DOLLAR GOLD-BACKED LOAN
TO ITALY WAS OFFICIALLY CONCLUDED BY THE BANK OF ITALY AND
THE BUNDES BANK ON SEPTEMBER 3.

2. UNDER THE NEW LOAN CONDITIONS, HOWEVER, ITALY WILL REPAY
500 MILLION DOLLARS, RATHER THAN INCREASE THE AMOUNT OF GOLD
COLLATERAL, WHICH REMAINS AT 16.6 MILLION OUNCES. THE NEW LOAN
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CONTAINS TWO NEW CONDITIONS: (1) THE VALUE OF THE GUARANTEE

WILL BE REVIEWED EVERY THREE MONTHS, AND EITHER THE AMOUNT OF THE GOLD COLLATERAL OR THE AMOUNT OF LOAN OUTSTANDING WILL HAVE TO BE ADJUSTED IN LINE WITH THE FREE MARKET PRICE OF GOLD, WHEREAS IN THE ORIGINAL LOAN THE AMOUNT OF COLLATERAL WAS SET FOR TWO YEARS; (2) THE GOLD PRICE USED IN VALUING THE GUARANTEE WILL BE BASED ON THE AVERAGE PRICE DURING THE PRECEDING 30 DAYS, WHEREAS IN THE ORIGINAL LOAN THE AVERAGE PRICE OVER THE PRECEDING TWO MONTHS WAS THE BASIS.

3. THE INTEREST RATE AND TERMS REMAIN THE SAME AS IN THE ORIGINAL LOAN: THE INTEREST RATE IS EQUAL TO THE RATE ON SIX-MONTH US TREASURY BONDS. THE MATURITY IS SIX MONTHS, RENEWABLE THREE TIMES FOR A TOTAL TERM OF TWO YEARS. BEAUDRY

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOLD, GOVERNMENT DEBTS, DEBT REPAYMENTS, BANK LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 08 SEP 1976
Decapton Date: 01 JAN 1960
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976ROME14602
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760338-1285
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760981/aaaacrrz.tel
Line Count: 74
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 05 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 APR 2004 by BoyleJA>; APPROVED <11 AUG 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BUNDES BANK LOAN FOR ITALY
TAGS: EFIN, IT
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006